SEDIBELO PLATINUM MINES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE AND SIX-MONTHS ENDED JUNE 30, 2019

August 30, 2019

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the three and six months ended June 30, 2019 contains ''forward-looking information'' which may include, but is not limited to, statements with respect to the future financial and operating performance of Sedibelo Platinum Mines Limited (the "Company" or "SPM"), its subsidiaries and affiliated companies (which together with Sedibelo Platinum Mines Limited is referred to as "the Group"), and its mineral projects, the future price of 4E metals (commonly used to refer to platinum, palladium, rhodium and gold), 4E production levels, mining rates, the future price of copper and nickel, future exchange rates, the estimation of mineral resources and reserves, the realization of mineral resource estimates or their conversion into reserves, costs and future costs of production, capital and exploration expenditures, including ongoing capital expenditure at the Pilanesberg Platinum Mine ("PPM"), costs and timing of the development of new deposits, costs and timing of the development of new mines, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations and exploration operations, timing and receipt of approvals, licenses, and conversions under South African mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as ''plans'', ''expects'', ''is expected'', ''budget'', ''scheduled'', ''estimates'', ''forecasts'', ''intends'', ''anticipates'', "targeted" or ''believes'' or variations (including negative variations) of such words and phrases, or state that certain actions, events or results ''may'', ''could'', ''would'', ''might'' or ''will'' be taken, occur or be achieved.

Forward-looking statements in this market release, amongst others, forecast production; recovery rates and grade; targets, estimates and assumptions in respect of 4E metal prices and production; allocation of funds for current commitments; and the timing and completion of definitive feasibility engineering studies at the Sedibelo, Magazynskraal, Mphahlele and Grootboom.

Such forward-looking statements are based on a number of material factors and assumptions, including, that contracted parties provide goods and/or services on the agreed time frames, that budgets and production forecasts are accurate, that equipment necessary for construction and development is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred, that plant and equipment function as specified, that geological or financial parameters do not necessitate future mine plan changes, that no unusual geological or technical problems occur, and that grades and recovery rates are as anticipated in mine planning.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration and mining activities; development and operational risks; title risks; regulatory risks; conclusions of economic evaluations and studies; fluctuations in the value of the United States dollar relative to the South African rand; changes in project parameters as plans continue to be refined; future prices of 4E metals; possible variations of ore grade or recovery rates (including the existence of potholes, faults and other geological conditions that may affect the existence or recovery of resources and reserves); failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, industrial unrest and strikes and other risks of the mining industry; political instability, insurrection or war; the effect of HIV/AIDS on labour force availability and turnover; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors communicated in the section entitled ''Risk Factors'' of the Company's current annual information form ("AIF") and its final short form prospectus dated March 31, 2011, which can both be viewed at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking statements contained herein are made as of the date of this MD&A and Sedibelo Platinum Mines Limited disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

1. Introduction

1.1 Incorporation of Sedibelo Platinum Mine Limited's shares

Sedibelo Platinum Mines Limited ("the Company" or "SPM") is a registered Guernsey company. The Company reports in accordance with the provisions of The Companies (Guernsey) Law, 2008.

1.2 Principal activity

Sedibelo Platinum Mines Limited and its subsidiaries (together "the Group") is a natural resources group of companies engaged in the acquisition, exploration, development and operation of Platinum Group Metals ("PGM") mineral deposits in South Africa. Through its 100% owned subsidiary, Pilanesberg Platinum Mines Proprietary Limited, the Group has established the Pilanesberg Platinum Mines ("PPM") on the Western Limb of the Bushveld Complex.

PPM is the Group's primary operating asset and consists of:

- the opencast West Pit on the farm Tuschenkomst 135JP;
- a PGM concentrator, adjacent to West Pit; and
- a chromite removal plant, adjacent to West Pit.

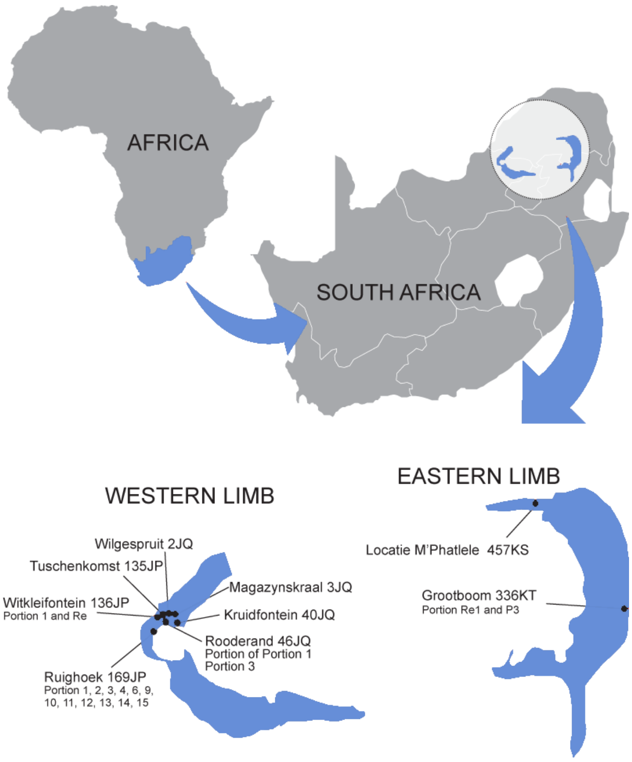
PPM management supervises the haul contractor and contractors specialising in drilling, blasting and run of mine ore preparation.

During the six-months ended June 30, 2019 PGM concentrate was toll refined via a contract with Impala to produce platinum, palladium, rhodium, and gold (collectively referred to as "4E"), plus iridium, ruthenium, copper and nickel. PPM renewed an exclusive three-year offtake agreement with Impala Platinum Limited ("Impala") in Q2 2019.

The principal focus of the Group is to maximise profitable metal output from the concentrator. The consolidation of PGM mineral rights on the farms Tuschenkomst 135JP, Wilgespruit 2JQ and Magazynskraal 3JQ, created a single block of mineral rights.

As at December 31, 2018 the block of mineral rights on the Western Limb comprised 24.9 million 4E PGM Measured & Indicated Resource ounces and 54.4 million 4E PGM Inferred Resource ounces. These will be developed as new mining infrastructure, utilizing the current processing infrastructure at PPM to extract both PGM's and chromite. Approximately 6 million ounces of these resources will be accessed via open cast mining and the balance is shallow compared to existing PGM producers in the Bushveld Complex. Surface and shallow underground mining is less hazardous than deep underground mines and enjoys embedded cost advantages.

The Group also holds valuable interests in PGM deposits on the Eastern Limb of the Bushveld Complex through its two exploration and development projects namely Mphahlele and Grootboom. The Loskop rights expired in July 2019 and have been relinquished.



1.3 Market trends and outlook

During the first quarter of 2019, investors took advantage of low platinum prices, approximately 700,000 oz of platinum Exchange Traded funds ("ETFs") were purchased. Johnson Matthey predicts platinum supplies to rise modestly in 2019, assuming the South African PGM industry can navigate obstacles such as power shortages, electricity cost increases and potential strike action with some South African producers entering wage negotiations.

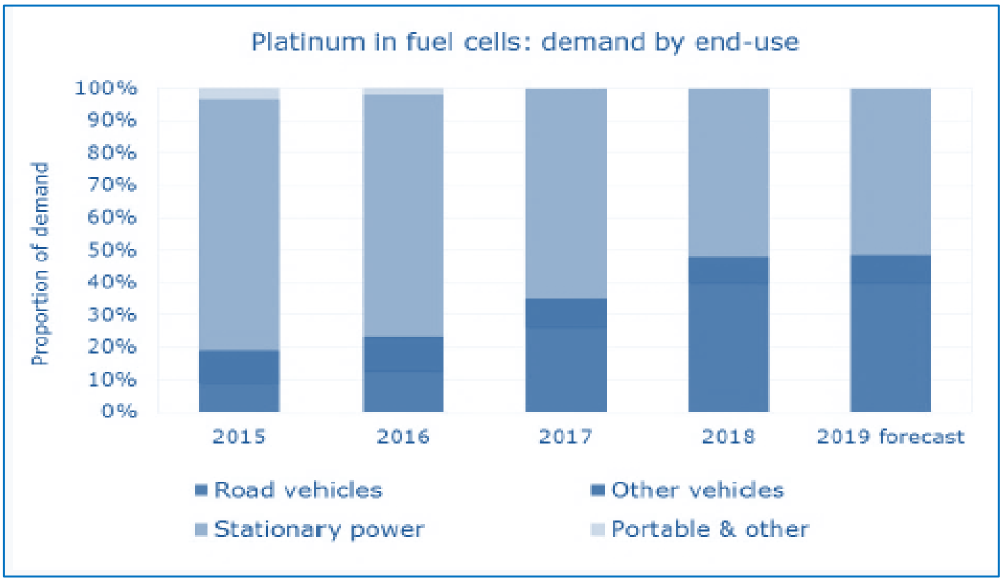
Eskom, South African's state-owned electricity supplier, initiated regular load shedding during the first quarter of 2019, to allow the domestic grid to cope with a shortage of generating capacity. During load shedding, miners and refiners are required to reduce their electricity consumption, which is typically achieved by reducing power to processing plants rather than by halting mining operations. This means that the impact on mine production has so far been limited, but fluctuations in electricity supply may have affected producers' ability to draw down their processing backlogs during the first quarter. There has been no load shedding since April 2019.

Johnson Matthey does not expect any significant changes in the Russian platinum production for this year. The PGM grade of ores mined at Norilsk continues to decrease gradually, reflecting an increased reliance on lower-grade disseminated ores. Secondary supplies are expected to rise by 5%, reflecting underlying growth in the auto catalyst recovery sector. Refinery constrains can continue to dampen growth in the secondary supply industry.

After setting a five-year low in 2018, auto catalyst demand is forecast to recover modestly this year, as an increase in catalyst fitment on heavy duty trucks in China and India offsets a further fall in diesel car production in Europe. Demand for platinum in heavy duty catalysts is forecast to rise significantly over the 2019–2021 period, as the implementation of China VI then BSVI emissions regulations results in the addition of advanced platinum-containing aftertreatment systems to all trucks sold in China and India.

Purchasing of platinum catalysts by the chemicals industry is forecast to set new highs over the next two years, as the construction of several large integrated petrochemical complexes in China approaches completion and catalyst charges are installed. These complexes typically incorporate large paraxylene units which may require an initial charge of several tens of thousands of ounces of platinum.

Figure 1. Chemical Industry purchases



Source: Johnson Matthey

Average US dollar PGM prices increased by approximately 14% and 11% during the three and six-month periods ended June 30, 2019 compared to the same prior year periods. The ZAR depreciating against the dollar, resulted in a 29% and 28% average increase in the ZAR 4E basket price.

The South African mining environment continues to be challenging because of the cost of increasing stakeholder demands. The Group has embedded cost advantages in this regard because of the shallow nature of its deposits. However, negotiating these challenges could increase operating costs. The Group utilises numerous contractors to perform key mining activities. These contractors are subject to similar stakeholder pressures, inflationary factors and employee demands. Whilst management of these input costs is a key performance area, material changes could affect metal production costs.

Information about the Group's financial risk management framework, objectives, policies and processes for measuring and managing risks, the Group's exposure to these financial risks, and the Group's management of capital are contained in Note 18 to the consolidated financial statements.

1.4 Purpose of this MD&A

This Management Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided to enable the reader to assess and understand the financial position and results of operations for the three and six-month period ended June 30, 2019, in comparison to previous corresponding period. Certain information in this MD&A must be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2018 and the notes thereto (collectively, the annual financial statements) prepared in accordance with International Financial Reporting Standards ("IFRS").

These documents can be found at www.sedibeloplatinum.com and www.sedar.com.

2. Review of Operations

2.1 Pilanesberg Platinum Mine

History

- Stripping of soil and waste overburden began during March 2008. Reef mining commenced during December 2008. Stock-piling of PGM-bearing ore ahead of the concentrator began during December 2008. Milling operations commenced during March 2009. Delivery of the first concentrate to Northam took place during April 2009. Commercial production was declared on January 1, 2011.

- Site establishment commenced during October 2007 and construction was completed during February 2009. In March 2009, reef processing through the UG2 circuit commenced and metals in concentrate were produced for smelting, refining and sale to Northam in terms of the Concentrate Agreement. During June 2009, following the installation by Eskom of an additional 23MVA of power (for a total of 37MVA), the Merensky circuit commenced processing reef.

- As part of the construction of PPM, power supply of 37MVA from Eskom was commissioned on June 7, 2009. In addition, a complete 10MVA standby diesel generator was constructed at a cost of United States dollars ("USD") 17.380 million (South African Rand ("ZAR") 144.350 million). The construction of this generator was completed on December 2, 2009.

- A tailings scavenging plant was hot commissioned on March 17, 2016 to treat the hot tailings from the concentrator in order to increase the overall plant recovery, by recovering some of the PGMs that were not recovered in the concentrator.

- As part of optimisation, the chrome mining right for Tuschenkomst was secured on September 15, 2015. A chromite recovery plant was constructed during 2017 and the plant was commissioned during September 2017.

Extraction and processing of ore

Due to the close proximity of the PGM bearing Merensky and Pseudo reefs ("the silicate package") and the U2D package (containing the UG2 reef) in this part of the Bushveld complex, both of these ore bodies are extracted in West pit. The silicate package is processed in the Merensky circuit of the concentrator and the U2D package routed through the DMS and then processed in the UG2 circuit. The concentrates from both reef packages are blended and sent to local smelters for further processing into refined metals, in terms of tolling agreements.

Construction of a chromite removal plant commenced during January 2017. The extraction of chromite from the UG2 circuit as an additional revenue stream at a small incremental operational cost is a positive contribution to operating results. The plant was commissioned during September 2017, after initial operations changes were made to the plant to produce the required specification of concentrate grade. The first Revenue was received during March 2018. Care is taken not to compromise PGM production in the process of improving the production of the by-product.

Operations

Table 1. Operational performance during the three and six-month period ended June 30, 2019

	Unit	For the three months ended Jun 30, 2019	Jun 30, 2018	For the six months ended Jun 30, 2019	Jun 30, 2018
Reef delivered to the ROM pad	Tonnes	1,246,497	935,302	2,055,174	1,742,747
Reef processed	Tonnes	1,030,369	1,087,718	1,881,307	1,992,795
Reef milled	Tonnes	933,912	906,810	1,733,775	1,773,797
Average milled head grade	g/t	1.54	1.82	1.55	1.74
Average recovery rate	%	70	78	67	77
Average recovered grade	g/t	1.08	1.41	1.04	1.33
4E ounces dispatched and sold*	Oz	33,681	40,749	60,215	74,732
4E basket price **					
- USD	USD	1,173	1,034	1,163	1,050
- ZAR	ZAR	16,876	13,050	16,515	12,902
Total revenue per 4E ounce	ZAR	16,851	15,347	17,938	13,993
Gross revenue from metal sales					
- USD	USD'000	40,138	47,712	75,624	82,377
- ZAR	ZAR'000	567,528	625,371	1,080,129	1,045,759

*Metal produced and declared is based on provisional assay results and therefore subject to change until such time that final assay results are received. These changes are not material. **Basket price for 4E i.e. platinum, palladium, rhodium and gold.

Mining production improved during Q2 2019 with the focus on exposing sufficient reef faces to improve flexibility in the pit and to fill the Concentrator with material. The lower milled grade was a result of processing low grade silicate material received from the mine as well as processing low grade DMS material to fill the Concentrator. Oxidised material presented to the Concentrator created some difficulty in processing, affecting the recovery rates.

The increase in the PGM basket price combined with the depreciation of the ZAR were not enough to mitigate the lower 4E ounces dispatched for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. An increase in the PGM basket price combined with the ZAR depreciating against the dollar over the six-month period ended June 30, 2019 resulted in an increase in ZAR revenue from the previous six months despite the lower 4E ounces dispatched.

PPM operations have been constrained due to the denial of access to its adjacent opencast mining area, referred to as Wilgespruit. This constraint has led to a lack of flexibility with regards to optimal mine scheduling in its Tuschenkomst open pit, impeding mining operations. Until access is secured, the Group will not optimally benefit from the current high ZAR PGM prices that has led to current record performances at some of the major PGM producers in South Africa.

2.2 Exploration and development of other PGM properties

2.2.1 Pilanesberg exploration projects (on the Western Limb of the Bushveld Complex)

The total exploration expenditure on various Pilanesberg exploration projects was USD0.167 million (ZAR2.37 million) for the quarter ended June 30, 2019. Total exploration expenditure since the inception of the Pilanesberg exploration projects of USD2.828 million (ZAR40.077 million) has been capitalised in accordance with the Group's accounting policies as part of "Exploration and evaluation assets".

Work has started on a new feasibility study for the Magazynskraal project.

Work program

The Pilanesberg exploration projects consist of properties adjacent to PPM. The study focusses on providing a different means of access to the mine, as a result of the access restriction brought on by the occupation of the Wilgespruit property by the community.

2.2.2 Mphahlele Project (on the Eastern Limb of the Bushveld Complex)

During the quarter ended June 30, 2019, a total of USD0.056 million (ZAR0.789 million) was spent on the Mphahlele Project bringing the cumulative expenditure to date on the project by the Group to USD8.535 million (ZAR120.930 million), excluding acquisition costs. In accordance with the Group's accounting policies, these costs have been capitalised as part of "Exploration and evaluation assets".

Work program

In light of the fact that the board has decided to focus resources and management on bringing PPM into profitable production, the Mphahlele Project was placed on a reduced work program for the short term. The work on a new feasibility study has started. The aim of the new study is to change the mining method and to reduce the upfront capital investment which will result in an accelerated return on investment.

2.2.3 Grootboom Project (on the Eastern Limb of the Bushveld Complex)

During the quarter ended June 30, 2019, the Company spent USD Nil (ZAR Nil) on Grootboom, keeping the cumulative expenditure to date on the project to USD3.122 million (ZAR44.235 million). In accordance with the Group's accounting policies, these costs have been capitalised as part of "Exploration and evaluation assets".

Work program

In light of the fact that the board has decided to focus resources and management on bringing PPM into profitable production, this project was also placed on a reduced work program for the short term.

2.2.4 Loskop Project (on the Eastern Limb of the Bushveld Complex)

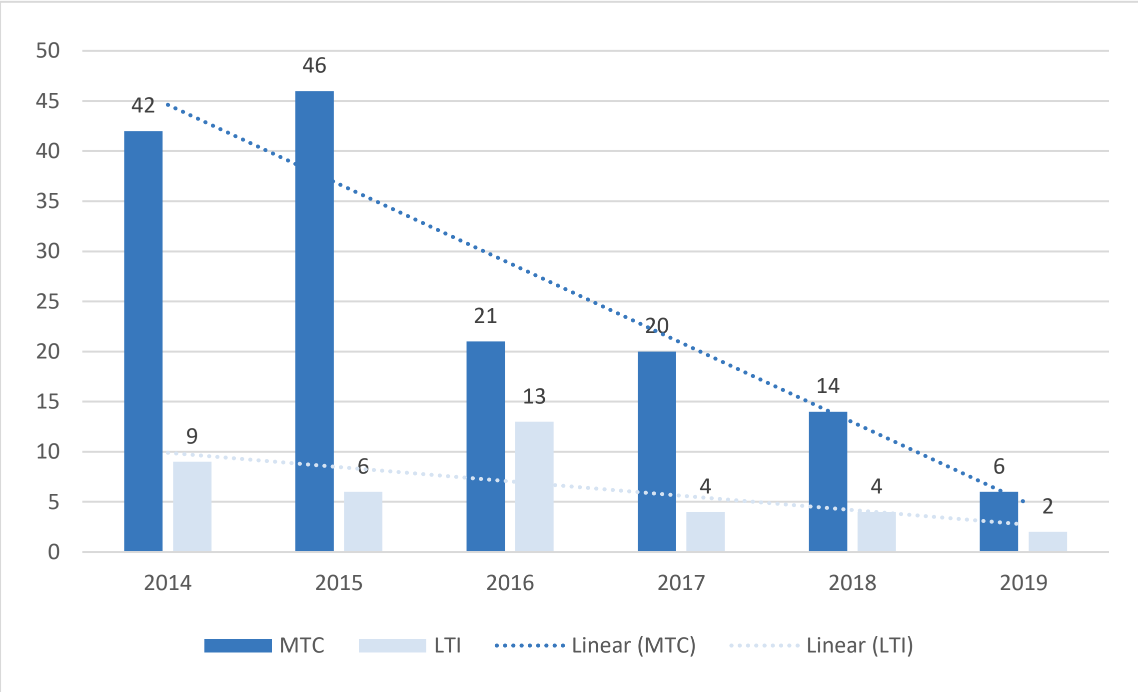
Lonmin Plc is the operator of the Loskop Project and acquired its 50% interest in the joint venture in August 2006 and expenditure since then has been shared on a 50/50 basis. Our interest in the Loskop project is now 23.5%, with Lonmin holding a 50% interest (remainder held by Anglo American Platinum's Rustenburg Platinum Mines).

The Loskop prospecting rights located on the Eastern Limb expired in July 2019. The Group has taken a decision to relinquish these rights. The total cumulative exploration expenditure on this project since inception (USD0.270 million or ZAR3.944 million) was written off during the quarter ended March 31, 2019. In accordance with the Group's accounting policies, these costs were previously capitalised as part of "Exploration and evaluation assets".

2.3 Safety

The Group strives for zero harm to employees. PPM has recorded 5.32 million Fatality Free Shifts ("FFS") at the end of June 30, 2019. The FFS span over a ten-year period. PPM endeavours to intensify the drive towards a zero-harm culture across all its operations. The Concentrator Operation achieved seven hundred and eighty-eight (788) days without any Lost Time Injury ("LTI') by the end of June 2019. PPM has managed to reduce its injury incidents consistently since 2015. Only six (6) Medical Treatment Cases ("MTC") have been recorded by the end of June 2019.

Figure 2. 2014 – 2019 All Injuries



2.4 Environmental Matters

Overview

The Company conducts exploration on its key projects and prospects subject to mineral exploration permit applications made to and issued by the Department of Mineral Resources ("DMR"). For each exploration program, a rehabilitation plan is included with the application and where required, the appropriate bond or funds are lodged with the relevant agent of the DMR in respect of the rehabilitation work which may have to be carried out when the exploration program is complete and no further work is planned on the property. All such environmental plans or bonds are in the normal course of the business.

Environmental guarantees are released by the DMR on completion of the obligations in terms of the rehabilitation plans contained within either the application for the prospecting permits, or the Mining Right.

PPM rehabilitation

As at June 30, 2019, the Company had USD26.556 million (ZAR376.287 million) in guarantees with the DMR. The guarantees have been provided on an insurance basis with a portion of the total guarantees being paid over into a separate bank account controlled by the Group and ceded in favour of the insurance company.

Rehabilitation of other development projects

Guarantees required by the DMR for prospecting and mining rights held by the Group were provided by way of both cash and insurance backed guarantees. The insurance backed guarantees were issued by the Lombard Insurance Group. Ongoing contributions are made by the Group to fund the balance of the liability over the remaining life of the prospecting permit. As at June 30, 2019 the Group had USD1.844 million (ZAR26.132 million) in guarantees with the DMR for other projects.

3. Overall Performance

3.1 Reporting currency and periods

As mining and exploration activities are conducted in South Africa and most transactions are transacted in South African rand ("ZAR"), the functional currency is ZAR. In this MD&A the financial amounts have been converted to and are reported in United States dollars ("USD"), the Group's presentation currency.

Table 2. Relevant exchange rates to the USD

	At Jun 30, 2019	Average six months ended Jun 30, 2019	Average three months ended Jun 30, 2019	At Dec 31, 2018	Average six months ended Jun 30, 2018	Average three months ended Jun 30, 2018
South African Rand (USD:ZAR)	14.17	14.20	14.39	14.43	12.30	12.64

3.2 Financial condition

Table 3. Financial condition for the three-months ended June 30, 2019

	As at Jun 30, 2019 USD'000	As at Dec 31, 2018 USD'000
Cash and cash equivalents	34,597	38,093
Other current assets	61,825	62,155
Total current assets	96,422	100,248
Restricted cash investments and guarantees	20,452	18,607
Other non-current assets	972,324	971,389
Total non-current assets	992,776	989,996
Total Assets	**1,089,198**	**1,090,244**
Current liabilities	36,017	35,263
Non-current liabilities	68,016	63,062
Total liabilities	**104,033**	**98,325**
Total shareholders' equity	991,451	997,858
Non-controlling interests	(6,286)	(5,939)
Total equity	**985,165**	**991,919**
Other information:		
Key Financial Ratios:		
Current ratio [1]	2.677	2.843
Working capital [2]	60,405	64,985
Debt/Equity ratio [3]	10.56%	9.91%

1 Current ratio = Current Assets/Current liabilities

2 Working capital = Current Assets – Current Liabilities

3 Debt to equity ratio = Total Liabilities/Shareholders' equity

The balances at June 30, 2019 compared to the balances at December 31, 2018 are influenced by the conversion from the Group's functional (ZAR) to the Group's presentation (USD) currency. The ZAR spot price at June 30, 2019 strengthened by 2% from the spot price at December 31, 2018.

SPM's asset base is primarily comprised of non-current assets such as mining assets and property plant and equipment, reflecting the capital-intensive nature of mining. Other significant assets include intangible assets and trade and other receivables. Trade receivables include the PGM sales pipeline, which is the PGM and base metal deliveries to clients of up to 3 months.

Total assets decreased by USD1.046 million during the six-months ended June 30, 2019. This movement is primarily due to:

- A decrease in total assets of USD20.028 million in presentation currency as a result of the weaker ZAR; and
- Depreciation of USD18.895 million.

Total liabilities increased by USD5.708 million during the six-months ended June 30, 2019. The increase is due to:

- A USD3.919 million increase in trade payables. The trade payable balance at December 31, 2018 included a USD3.421 million credit from Eskom; offset by
- A USD3.065 million decrease in the Revolving Commodity Facility ("RCF"). The RCF allows PPM to fix prices for concentrate deliveries to offtakers and receive the cash proceeds thereof upon assay rather than having to wait for settlement from the refiners in terms of existing concentrate agreements. The decrease in 4E ounces dispatched, impacted the quarter's utilisation of the RCF despite the increase in prices.

SPM working capital decreased from USD64.985 million at December 31, 2018 to USD60.405 million at June 30, 2019 due to a decrease in Cash and cash equivalents. Investing activities utilised USD3.403 million of which the greater part was used in the investment in property plant and equipment and collateral increase in guarantee. The net outflow to the RCF contributed USD2.961 million to the decrease as a result of lower 4E ounces dispatched during the six-month period ended June 30, 2019 than in the comparative period. This resulted in the Group's current ratio weakening from a current ratio of 2.843 as at December 31, 2018 compared to a current ratio of 2.677 as at June 30, 2019.

SPM's capital structure comprises of shareholders' equity with low levels of debt. As at June 30, 2019 the debt-to-equity ratio was 10.56% compared to a debt-to-equity ratio of 9.91% as at December 31, 2018. The increase in debt is a result of the increase in trade and other payables and the interest accrued on loans outstanding.

3.3 Financial performance for the three and six-month period ended June 30, 2019

The Group recorded a net loss of USD19.657 million and USD32.603 million for the three and six-month period ended June 30, 2019, compared to a net loss of USD9.241 million and USD22.356 million for the three and six-month period ended June 30, 2018.

Revenue and cost compared to prior year period are influenced by the conversion from the Group's functional (ZAR) to the Group's presentation (USD) currency. The ZAR weakened by 14% and 16% from the comparative three and six-month period.

Table 4. Financial performance for the three and six-month period ended June 30, 2019

	For the three months ended		For the six months ended	
	Jun 30, 2019 USD'000	Jun 30, 2018 USD'000	Jun 30, 2019 USD'000	Jun 30, 2018 USD'000
Revenue	**40,138**	**47,712**	**75,624**	**82,377**
Cost of operations	**(49,746)**	**(49,590)**	**(89,896)**	**(93,967)**
On mine operations	(17,929)	(15,393)	(32,786)	(30,559)
Concentrator plant operations	(12,497)	(13,885)	(23,521)	(25,894)
Beneficiation and transport	(3,989)	(5,668)	(7,068)	(8,939)
Salaries	(4,269)	(4,599)	(8,496)	(9,342)
Subtotal	*(38,684)*	*(39,545)*	*(71,871)*	*(74,734)*
Depreciation of operating assets	(10,717)	(10,447)	(18,707)	(19,529)
Change in inventories	(345)	401	682	295
Gross loss	**(9,608)**	**(1,878)**	**(14,272)**	**(11,590)**
Administrative and general expenses	**(5,055)**	**(6,124)**	**(10,659)**	**(11,998)**
Employee expenses	(1,157)	(2,617)	(3,797)	(5,082)
General operating expenses	(3,025)	(2,082)	(5,362)	(4,549)
Amortisation and depreciation	(305)	(311)	(591)	(626)
Consulting and professional fees	(187)	(749)	(279)	(1,089)
Royalty tax	(178)	(192)	(398)	(412)
Audit fees	(203)	(172)	(230)	(240)
Other (expenses)/income	**(4,747)**	**107**	**(6,907)**	**2,939**
Other income/(expenses)	938	(11)	835	3,655
Foreign exchange loss	(5,685)	118	(7,742)	(716)
Net finance cost	**(93)**	**(749)**	**(523)**	**(1,005)**
Finance income	1,351	1,392	4,038	2,206
Finance costs	(1,444)	(2,141)	(4,561)	(3,211)
Share of loss from investments accounted for using the equity method	**(154)**	**(597)**	**(242)**	**(701)**
Loss before taxation	**(19,657)**	**(9,241)**	**(32,603)**	**(22,355)**
Income tax	-	-	-	-
Loss for the period	**(19,657)**	**(9,241)**	**(32,603)**	**(22,355)**
Other comprehensive income	**33,982**	**(173,984)**	**25,849**	**(110,692)**
Exchange difference on loans designated as net investments	-	(74,495)	-	(58,185)
Exchange difference on translation from functional to presentation currency	34,346	(99,852)	25,865	(52,828)
Movements in Other reserves	(29)	363	(18)	321
Other comprehensive share of investment accounted for using the equity method	(335)	-	2	-
Total comprehensive income/(loss)	**14,325**	**(183,225)**	**(6,754)**	**(133,047)**
EBITDA*	**(2,858)**	**2,147**	**(5,052)**	**(479)**

**EBITDA – Earnings Before interest, tax, depreciation and amortisation*

Revenue

The Group generated revenues of USD40.138 million and USD75.624 million based on metal sales during the three and six-month period ended June 30, 2019. Of this USD35.981 million and USD67.550 million relates to 4E revenue and USD4.157 million and USD8.074 million relates to iridium, ruthenium, copper, nickel and chrome. Revenues represent the amounts recorded when PGM concentrates are physically delivered to the smelter. Metal prices and assayed quantities at the point of sale are provisional. Adjustments in respect of final assayed quantities and/or prices arising between the date of recognition and the date of settlement are recognised in the period in which the adjustment arises and reflected through revenue and receivables.

Sales of 4E metal contributed approximately 90% and 89% (2018: 94% and 91%) to the gross revenue earned by PPM during the three and six-month period ended June 30, 2019. Chrome contributed USD0.980 million and USD1.583 million to revenue during the three and six-month period ended June 30, 2019 compared to June 30, 2018 where chrome contributed USD1.063 million and USD1.406 million respectively.

Revenue for the three-month period ended June 30, 2019 was 16% lower than the comparative period in 2018. The net movement was a result of:

- A 29% increase in the average ZAR 4E basket price year-on-year; offset by:
- A 14% weaker Rand for translating into presentation currency; and
- A 17% decrease in 4E ounces dispatched.

Revenue for the six-month period ended June 30, 2019, decreased by 8% from the comparative period in 2018. This increase was the net result of:

- A 28% increase in the average ZAR 4E basket price year-on-year; offset by:
- A 16% weaker Rand for translating into presentation currency; and
- A 19% decrease in 4E ounces dispatched.

The decrease in 4E ounces dispatched compared to the previous period, was the result of a 15% and 11% decrease in the average milled head grade, for the three and six-month period ended June 30, 2019 respectively.

Cost of operations

Cost of operations totalled USD49.746 million and USD89.896 million for the three and six-month periods ended June 30, 2019, compared to USD49.590 million and USD93.967 million for the three and six-month periods ended June 30, 2018.

The decrease for the six-month period ended June 30, 2019, measured in presentation currency, was as a result of the weaker ZAR. Measured in ZAR the cost of operations increased for the 6-month period ended June 30, 2019. The increase was mainly due to general higher mining volumes and the cost of inflation.

Administrative and general expenses

Administrative and general expenses totalled USD5.055 million and USD10.659 million for the three and six-month periods ended June 30, 2019, compared to USD6.124 million and USD11.998 million for the three and six-month periods ended June 30, 2018. Higher consulting fees were incurred in the comparative period as part of the ongoing cost to oppose South African Revenue Service ("SARS") in Court regarding the diesel rebate payments denied as well as the litigation expense incurred regarding access to the Mining property Wilgespruit (refer to Risks and uncertainties, page 19).

Other income / expense

Other expenses totalled USD4.747 million and USD6.907 million for the three and six-month periods ended June 30, 2019, compared to an income of USD0.107 million and USD2.939 million for the three and six-month periods ended June 30, 2018.

The movement in other income for the three-month period ended June 30, 2019 is as a result of a foreign exchange loss of USD5.685 million.

Included in other income for the six-month period ended June 30, 2018 was an impairment reversal relating to the Sedibelo power rights, amounting to USD3.421 million in the six-month comparative period, set off by a foreign exchange loss. Rand volatility resulted in a foreign exchange loss of USD7.742 million for the six-month period ended

June 30, 2019, compared to a foreign exchange loss of USD0.716 million for the six-month period ended June 30, 2018.

Finance income

The increase in finance income to USD1.351 million and USD4.038 million during the three and six month periods ended June 30, 2019, compared to USD1.392 million and USD2.206 million during the three and six month periods ended June 30, 2018, was due to the increase in the cash reserves due to the drawdown of cash from the Industrial Development Corporation of South Africa Limited ("IDC") loan during the last week of March 2018.

Finance cost

The increase in finance cost to USD1.444 million and USD4.561 million during the three and six-month periods ended June 30, 2019, compared to USD2.141 million and USD3.211 million during the three and six-month periods ended June 30, 2018, is the result of six-months interest accrued on the IDC loan, whereas in 2018 only three months interest accrued for the same period.

Cash flows

Cash and cash equivalents at June 30, 2019, decreased to USD34.597 million from December 31, 2018. This decrease is due to a net decrease in cashflow as a result of operating losses incurred. The main driver for the operating losses is the low feed grade material processed by the concentrator. USD3.408 million was invested in assets and USD2.961 million was utilised to repay the RCF.

3.4 Events or uncertainties during the three and six-month period ended June 30, 2019

Metal dispatches were 17% and 19% lower for the three and six-month periods ended June 30, 2019 compared to the prior year periods. The mining focus is on exposing sufficient reef faces to produce mining volumes in line with a mine plan that can provide sufficient reef volumes to the concentrator with a focus on providing profitable ounces (cash positive).

4. Summary of Quarterly Results

Table 5. Summary of quarterly results

	In accordance with IFRS							
USD'000	Jun '19	Mar '19	Dec '18	Sep '18	Jun '18	Mar '18	Dec '17	Sep '17
Revenue	40,138	35,488	42,844	44,978	46,648	34,324	42,781	30,791
Cost of operations	(49,746)	(40,150)	(48,315)	(48,549)	(48,526)	(44,036)	(43,608)	(40,448)
Gross loss	(9,608)	(4,662)	(5,471)	(3,571)	(1,878)	(9,712)	(827)	(9,657)
Other operating (cost)/ income	(9,802)	(7,762)	385	177	(6,017)	(3,042)	992	(5,820)
Net finance (cost)/ income	(93)	(430)	(1,052)	1,305	(749)	(256)	(105)	15
(Loss)/Profit from associate	(154)	(89)	(848)	7	(597)	(104)	(84)	(267)
Loss before taxation	(19,657)	(12,943)	(6,986)	(2,082)	(9,241)	(13,114)	(24)	(15,729)
Loss for the period	(19,657)	(12,943)	(6,974)	(2,082)	(9,241)	(13,114)	(42)	(15,729)
ZAR:USD	14.39	14.01	14.27	14.10	12.64	11.96	13.68	13.18

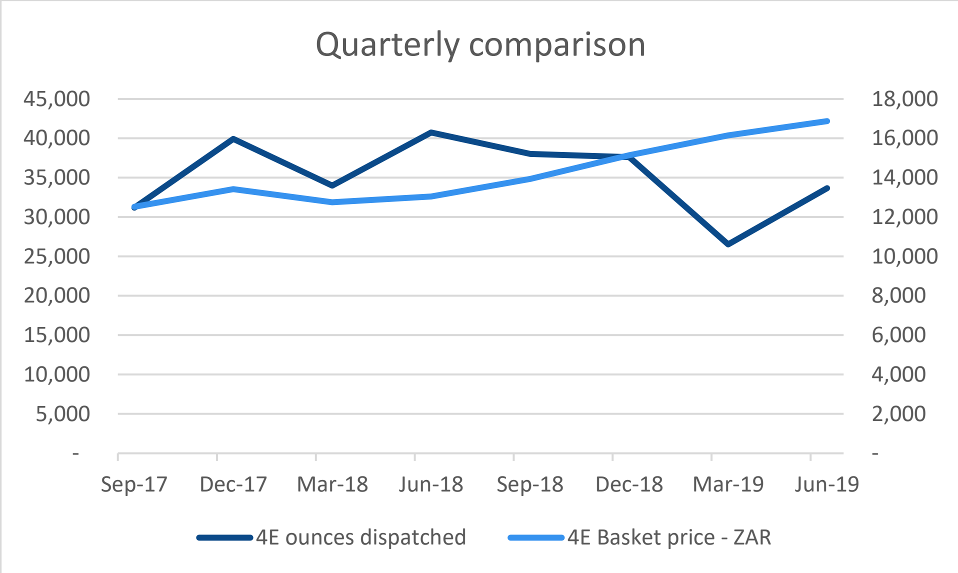
The financial statements of the Company and the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IFRS IC (previously known as the International Financial Reporting Interpretations Committee ("IFRIC")) interpretations and with the requirements of The Companies (Guernsey) Law, 2008 applicable to companies reporting under IFRS.

These financial statements have been prepared in accordance with IFRS and IFRS IC interpretations as issued by the International Accounting Standards Board ("IASB") applicable to a going concern.

The financial information has been prepared under the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value and is presented in USD.

The conversion rate for the three months ended June 30, 2019 is 14% weaker than the rate for the period ended June 30, 2018. The variance had a significant impact on the numbers presented for comparison.

Figure 3. 4E ounces dispatched and 4E Basket price



5. Liquidity

5.1 Unrestricted cash

The Company had unrestricted cash and cash equivalents of USD34.597 million at June 30, 2019. The IDC provided PPM with a ZAR500 million loan facility in 2018 which will continue to provide access to funding for short-term cash flow requirements for the operation at PPM. This funding is ringfenced to be utilised at PPM for operational requirements.

Based on the current cash flow projections for the Group, management has a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future and therefore the annual financial statements continue to be prepared on a going concern basis, which assumes the realisation of assets and discharge of liabilities in the normal course of business within the foreseeable future.

Development of exploration assets will require new funding.

5.2 Restricted cash

The Group had restricted cash investments and guarantees forming part of its non-current assets totalling USD20.452 million (USD18.607 million at December 31, 2018). The restricted cash is increased with a monthly contribution of ZAR2.5 million. This cash is held with Rand Merchant Bank on long-term deposits and ceded in favour of Lombard Insurance. Lombard Insurance provides the Group with guarantees with both Eskom and the DMR. The facility with Lombard is 58% cash-backed at June 30, 2019.

5.3 Contractual Obligations

The Group's contractual obligations are as follows:

Table 6. Commitments as at June 30, 2019

Contractual obligations USD'000	Total	< 1 year	1-3 years	After 3 years
Employee entitlements (1)	1,221	1,221	-	-
Operating lease (2)	399	208	191	-
Asset Retirement Obligation (3)	21,278	-	-	21,278
Mining costs (4)	7,843	7,843	-	-
Open Purchase Orders	5,097	5,097	-	-
Total Contractual Obligations	**35,838**	**14,369**	**191**	**21,278**

(1) The employee entitlements include the leave pay due to employees in terms of their employment contracts.

(2) This includes the contractual monthly payments for the rental of the Company's corporate office. This agreement was renewed to come to an end on May 31, 2021.

(3) The amount of USD21.278 million represents the gross asset retirement obligation to rehabilitate the opencast pit and plant at PPM and Sedibelo at the end of life of mine, in accordance with the mining licence and approved Environmental Management Programme ("EMP").

(4) Committed mining expenses include the estimated cost that will be incurred by the main mining contractors to carry out the opencast mining operations for the required notice period, should the contract with the main mining contractor be cancelled.

6. Capital Resources

6.1 Working capital

As at June 30, 2019, the Group's total working capital was USD60.405 million (June 30, 2018: USD64.985 million). Working capital is based on the total unrestricted cash plus cash equivalents (USD34.597 million), plus inventory (USD9.114 million) and trade and other receivables (USD52.711 million) less trade payables and accrued liabilities (USD20.331 million) and less revolving commodity facility (USD15.686 million). The Group's cash and cash equivalents are held in short term and liquid interest earning deposits at highly reputable financial institutions of a high-quality credit standing within the Republic of South Africa and in the United Kingdom.

As part of working capital management and ensuring enough cash is available for operational needs, the RCF with Investec is utilised on a continuous basis. The RCF is available up to March 31, 2020, when PPM intends to renew it.

6.2 Restrictions on the repayments of inter-group loans

The Company's principal subsidiary, Pallinghurst Investor Consortium Proprietary Limited ("PIC"), operates in South Africa and as a result is subject to the South African Reserve Bank (''SARB'') Exchange Control Regulations. Any repayment of foreign currency loans by a South African company to an offshore company is subject to prior approval by the SARB.

The shareholder loan from the Company to PIC amounted to ZAR28.530 billion at June 30, 2019 and has primarily been used to fund the development of PPM.

The terms of the loan agreement with the IDC state that no intercompany loans may be repaid by PPM until the loan is settled.

7. Critical accounting estimates

The Company's significant accounting principles and methods of application are disclosed in the notes of the Company's consolidated financial statements for the year ended December 31, 2018. The following is a discussion of the critical accounting policies and estimates which management believes are important for an understanding of the Company's financial results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

The primary areas in which estimates and judgements are applied are as follows:

Determination of consolidation

Management applies judgment when determining whether the Company should consolidate entities where it owns less than half of the voting power of an entity. An investor controls an investee if and only if the investor has all of the following elements:

- a power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's return.

Management have further consolidated Defacto Investments 275 Proprietary Limited, Dream World Investments 226 Proprietary Limited and Taung Platinum Exploration Proprietary Limited even though the Group owns less than half of the share capital of those entities as it was determined that the Group manages the financial and operating policies of those entities.

Management have accounted for its interest in KellTech Limited as a joint venture through the equity method of accounting due to the nature of the joint arrangement.

Impairment of non-current assets

Management uses the guidance in *IAS 36 – Impairment of assets* when assessing whether indicators for impairment exist for mining assets, intangible assets and property, plant and equipment. Management uses certain assumption in calculating the assets value in use. Assumptions such as PGM prices, South African Rand: United States Dollar exchange rates and inflation are based on the most recent information available in the market.

Inventory

Metal inventory is held in a wide variety of forms across the value chain reflecting the stage of refinement. Prior to production as final metal the inventory is always contained within a carrier material. As such inventory is typically sampled and assays taken to determine the metal content and how this is split by metal. Measurement and sampling accuracy can vary quite significantly depending on the nature of the vessels and the state of the material. Management judgement, therefore, is also applied.

Decommissioning and rehabilitation provision

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision represents management's best estimate of the present value of the rehabilitation costs anticipated to be incurred at the end of the mine's life. See Note 13 of the consolidated financial statements.

Reserves and Resources

The estimation of reserves impacts the depreciation of certain categories of property, plant and equipment (deferred stripping costs, decommissioning assets and producing mines), the recoverable amount of mining assets and property, plant and equipment and the timing of rehabilitation expenditure. The reserves and resources statement is prepared

by an independent expert that complies with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC code").

Factors impacting the determination of proved and probable reserves are:

- the grade of mineral reserves may vary;
- actual commodity prices and commodity price assumptions;
- operational issues at mine sites; and
- capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates.

Depreciation – units of production

Various units-of-production ("UOP") depreciation methodologies are available to management e.g. tonnes processed, tonnes milled, tonnes mined or ounces produced. Management elected to depreciate deferred stripping, decommissioning asset and producing mines using the ore tonnes mined methodology and plant and equipment using the ore tonnes processed methodology.

The calculation of the UOP rate of depreciation will be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable mineral reserves.

8. Other

8.1 Off-Balance Sheet Arrangements

At June 30, 2019, the Group had USD33.365 million in guarantees to the DMR and Eskom, of which USD20.452 million is funded.

8.2 Proposed Transactions

The Company continues to evaluate opportunities in the market with a view to expand the current business. At the current time there are no reportable proposed transactions.

8.3 Financial Instruments and Other Instruments

The Group has the following financial instruments measured at amortised cost: cash and cash equivalents, restricted cash investments and guarantees, loans receivable, trade payables and accrued liabilities and long-term borrowings. These instruments fair values approximate their carrying values.

The Group's trade receivables and the revolving commodity facility are measured at fair value.

8.4 Carbon tax

The President has signed into law the Carbon Tax Act No 15 of 2019, which comes into effect from June 1, 2019, as announced by the Minister of Finance in the 2019 Budget. The Act was gazetted on May 23, 2019. Carbon tax imposes an initial levy of ZAR120 per tonne of carbon dioxide equivalent ("CO2e") of greenhouse gas emissions above stipulated tax-free allowances. Various tax-free allowances could translate into an effective carbon tax rate range as low as ZAR6 to ZAR48 per tonne of CO2e.

The tax will be phased in over a period of time to allow for smooth transition in adopting cleaner and more efficient technologies and behaviours. The carbon tax will initially only apply to scope 1 emitters in the first phase. The first phase will be from June 1, 2019 to December 31, 2022, and the second phase from 2023 to 2030. The Company is in the process of identifying the triggering activities to be measured in relation to the calculation of the taxable amount. Uncertainty exists concerning the second phase starting from 2023.

8.5 Changes in Accounting Policies including Initial Adoption

There were no changes in the accounting policies applied since the issue of the audited consolidated financial statements for the year ended December 31, 2018 except for the adoption of the standards set out below:

- IFRS 16 Leases – The standard removes the classification of leases as operating or finance leases and requires all leases to be included on the statement of financial position.

Impact assessment

The Group has limited lease arrangements and therefore the no material changes were identified. The impact is insignificant. The standard is effective for year-ends beginning on or after January 1, 2019.

There are no other new standards, interpretations or amendments to standards issued and effective for the year which may in the future be expected to have a material impact on the Group.

9. Outstanding share data

As at June 30, 2019, the Company had 3,095,401,663 common shares in issue.

10. Risks and uncertainties

The Company is in the business of the exploration and development of mineral properties and the operation of mines directly or through third parties. There are numerous risks associated with these activities and specific risks with regards to the South African mining environment.

10.1 Legal proceedings

Access to mining property

There has been a delay in mining Wilgespruit due to concerns raised by local communities. Access to the land, in order to execute a mining right to mine the minerals, has been restricted as a result of the continued occupation of the land by the community.

There have been numerous court challenges and on October 25, 2018, the Constitutional Court ("ConCourt") handed down a judgment that required PPM to exhaust all the remedies available in terms of Section 54 of the MPRDA before an eviction order can be considered. PPM is to negotiate with the lawful occupiers and engage with the Regional Manager of the DMR for assistance in resolving the dispute.

In line with the guidance from the Concourt, the following actions are in progress:

- PPM has engaged the lawful occupiers and their representative, including Lawyers for Human Rights, and begun negotiations;
- The DMR has been notified of the progress made in the negotiations; and
- Management and the Board have engaged Senior Council to advise the Company on the implementation of the Concourt judgment, including land issues and the way forward.

Negotiations are proceeding amicably and are expected to conclude by the end of 2019.

Diesel rebates

On July 26, 2012, SARS issued a Letter of Demand to PPM to repay diesel refunds for the period April 2008 to March 2011. Diesel refunds claimed by PPM for the period April 2011 to August 2011 have been disallowed. PPM appealed these findings and lodged an application to the High Court to set aside the demand for repayment and the denial of pro rata amounts of diesel refunds.

On May 29, 2018 the matter was postponed for hearing, commencing on August 20, 2018 and thereafter proceeding on August 21 – 24, 2018. PPM's response to the new matters contained in SARS' affidavit, including the annexures thereto, was filed at the High Court on July 2, 2018, whereby PPM conceded to SARS' request to grant additional time to provide a determination on an audit they were conducting. This period audited was not included in the original case.

Notification was received from SARS indicating that their view is that PPM still does not meet the requirements in terms of the Act. They are finalising a comprehensive letter of intent setting forth the reasons for their view. PPM will contest the finding in court.

10.2 Liquidity

The Group operates in a cyclical industry where levels of cash flow have historically been materially influenced by market prices for commodities and exchange rates. Material uncertainties, such as exposure to ZAR:USD exchange rate and PGM prices, cast significant strain on the Group's liquidity position. See disclosure around going concern in Note 1 of the consolidated financial statements for the year ended December 31, 2018.

11. Internal control over financial reporting

Management has evaluated or caused to be evaluated, the effectiveness of the Company's disclosure controls and procedures and the internal control over financial reporting and concluded that the Company's disclosure and internal control over financial reporting was effective as of the end of the six-months ended June 30, 2019. The Company has identified no material weakness in the design of its internal controls over financial reporting. There has been no change in the Company's internal controls over financial reporting since its year-end MD&A for the period ended December 31, 2018 or during the three and six-month period ended June 30, 2019, that has materially affected, or is reasonably likely to materially affect its internal controls over financial reporting.